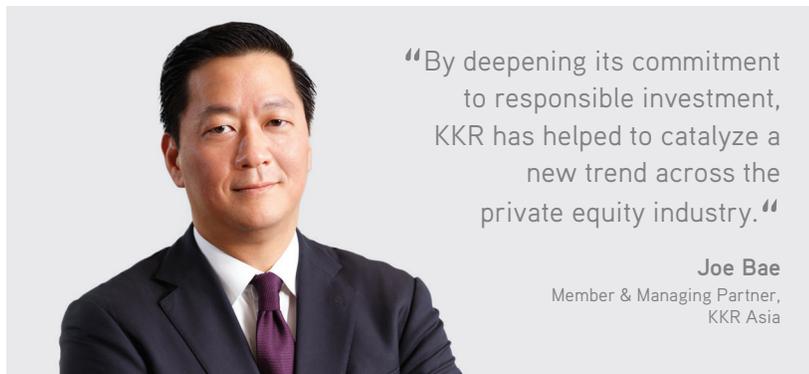


In the last seven years, KKR’s approach to investing has evolved to thoughtfully incorporate environmental, social, and governance (ESG) factors in our decision-making process. From the opening of our first office in Asia-Pacific in 2005 to having more than seven offices in the region today, our growing presence in Asia makes ESG management more important than ever before. This fact sheet highlights our most recent ESG activities in Asia. For a fuller description of our activities across the globe, we invite you to read our fourth ESG report.

What is “ESG”?

ESG issues can vary significantly and can include a number of aspects, such as the way a company manages environmental impacts of its business on society, to the way that it engages with its workers and supply chains, to the transparency and integrity of its governance processes.

[Read more in the KKR 2013 ESG and Citizenship Report \(p. 13\).](#)



“By deepening its commitment to responsible investment, KKR has helped to catalyze a new trend across the private equity industry.”

Joe Bae
Member & Managing Partner,
KKR Asia

From the Founders

“Responsible investment is not just the right thing to do; it is also essential for smart investing. Our commitment to creating sustainable value has never been stronger.” – Henry R. Kravis and George R. Roberts, Co-CEOs and Co-Chairmen

Q. What are a few of the 2013 ESG or citizenship highlights you are most proud of?

Henry R. Kravis: Seeing the impact of our work with East Bali Cashews (EBC), Bali’s first large-scale cashew processing facility, was a proud moment for both George and me in the past year. I believe one of our core competencies is our teams’ understanding of business operations and efficiency. By partnering with the leadership team of EBC, we were able to refine and scale many of the existing components of the business, while thinking creatively to solve challenges and better plan for the future. This collaboration helped raise a needed round of funding for EBC and helped KKR realize another way the Firm can add value to the communities around us.

[Read more in the KKR 2013 ESG and Citizenship Report \(pp. 4-5\).](#)

CASE STUDY



Scaling Social Enterprise: KKR and East Bali Cashews¹

In 2013, KKR executives teamed with Impact Investment Exchange Asia (IIX) and Impact Investment Shujog (Shujog) to identify an opportunity for KKR to engage with a social enterprise in need of expertise and resources. The team selected East Bali Cashews (EBC), Bali’s first large-scale cashew processing facility. EBC uses environmentally friendly practices while also providing employment to villagers in an impoverished community, many of whom are women who have never earned a steady income.

KKR, IIX, and Shujog professionals collaborated with EBC’s management team to set financial targets, design a growth strategy, and create a bridge between the enterprise and potential investors. Together we created a business plan, completed a competitive analysis, designed an approach to scale production, and created a social-impact assessment for use with potential investors.

This work enabled EBC to raise \$900,000 in three months and to put that funding into expanding operations and updating machinery. These improvements enabled EBC to create nearly 100 new jobs by December – about 90 percent of which went to local women – and to support EBC workers and their families with not only steady employment, but also access to critical social services.

KKR’s commitment and unique skills provided knowledge and operational experience that enabled EBC to create long-term value for the company and community, while demonstrating the power of private equity’s expertise.

¹ East Bali Cashews is not a KKR portfolio company.

Investing In Solutions²

KKR is proud to invest in businesses that are working to address pressing societal issues.

Providing Clean Water

UEL



China is a country of more than a billion people, and these citizens, along with their communities, businesses, and manufacturers, require an abundance of clean water to thrive. However, challenges related to water pollution and growing resource demand have led the government to emphasize reducing contamination and promoting recycling. UEL's growing water treatment capacity and its cutting-edge membrane technology represent key components in China's campaign to address water pollution challenges. The company helps alleviate budgetary pressures on local governments by cutting the amount of municipal land needed for water treatment plants and by operating plants at the highest cost-efficiency, while also reducing hazardous seepage often associated with older conventional treatment facilities. Together, UEL and KKR aim to be at the forefront of this sector, providing innovative solutions, technological expertise, and positive market standards.

Combating Deforestation

Santanol



Sandalwood is a sought-after commodity for everything from high-end furniture and home goods to fragrances and toiletries, but sandalwood trees only grow naturally in India, Indonesia, and some Pacific islands. High demand has led to deforestation in their natural environments, the emergence of a black market, and the over-exploitation of natural supply. Santanol is one of two Australian horticultural- and forestry-management businesses producing sandalwood. During the last decade, the management team at Santanol has developed systems and technology to improve the survival rates of crops to create a sustainable sandalwood plantation. Santanol and the Australian plantation industry will be able to supply global markets with sandalwood in the years to come. KKR looks to equip Santanol with the resources to better achieve its mission and promote a legal supply of Indian sandalwood.

² The above highlights companies that KKR believes most represent its focus on ESG-related issues and are for illustrative purposes only. They are not representative of all investments made by KKR Funds, and it should not be assumed that any investment in the companies identified was or will be profitable.

Read more in the KKR 2013 ESG and Citizenship Report (p. 26).

Considering ESG Issues During the Investment Process

In 2012, we began reviewing priority ESG issues for our North American portfolio companies as part of the formal investment management process. In 2013, our Asia Portfolio Management Committee began the process for our Asian portfolio. Any identified issues or opportunities are shared with the relevant industry and KKR Capstone operations teams, and top issues are integrated into ongoing discussions.

Read more in the KKR 2013 ESG and Citizenship Report (pp. 22-24).



“The diversity in the KKR portfolio is a win-win. While we bring a lot of resources and expertise to our companies, we also learn an incredible amount from them.”

Steve Okun
Director,
Asia-Pacific Public Affairs

Promoting Responsible Investment: Industry Leadership

Industry collaboration is critical as we, along with our peers, continue our work to consistently and thoughtfully manage these ESG issues. Therefore, we aim to engage with our peers in financial services to promote responsible investment and encourage dialogue to achieve common goals. We did this in 2013 through several efforts, including presentations at conferences such as PublicAffairsAsia's Sharing Value Forum in Singapore, at which KKR's head of Asia Joe Bae gave the keynote address.

Read more in the KKR 2013 ESG and Citizenship Report (pp. 13-15).

Green Portfolio Program Results

In May 2008, KKR launched the Green Portfolio Program (GPP) in partnership with Environmental Defense Fund (EDF). The GPP is an operational improvement program that uses an “environmental lens” to assess critical business activities of KKR’s 25 participating private equity portfolio companies.

To date, 19 companies across Asia, North America, and Europe have reported achieving more than \$917 million in financial impact and avoiding more than 1.8 million metric tons of GHG emissions, 4.7 million tons of waste, and 19.5 million cubic meters of water use. Dalmia was one of 24 companies publicly enrolled in the program during 2013.³

[Read more in the KKR 2013 ESG and Citizenship Report \(pp. 27-29\).](#)

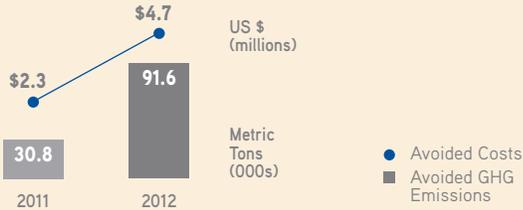


Company Summary: India’s largest private cement company
GPP Focus: Measuring energy consumption at its Ariyalur production facility

Results Since 2010:

- Avoided **\$7 million** in costs
- Increased efficiency by **38 percent**
- Increased production led to increased absolute GHG emissions from the site by **41 percent**
- Avoided **122,400 metric tons** of GHG emissions

Dalmia Cement: Cement Production GHG Efficiency



Year	Avoided Costs (US \$ millions)	Avoided GHG Emissions (Metric Tons 000s)
2011	\$2.3	30.8
2012	\$4.7	91.6

³The following companies are all of KKR’s portfolio companies enrolled in the Green Portfolio Program as of December 31, 2013: Accellent Inc., ATU, Bharti Infratel Limited, Biomet, Inc., Bis Industries Limited, Capsugel, Dalmia Cement, Del Monte Corporation, Dollar General, First Data Corporation, HCA Holdings, Inc., KION Group, MMI Holdings Limited, Oriental Brewery, Pets at Home, Sealy, SunGard Data Systems, Inc., Tarkett S.A., TDC, US Foods, Van Gansewinkel Groep, Versatel, Visant Corporation, and Wild Flavors. They are not representative of all investments made by KKR Funds, and it should not be assumed that any investment in the companies identified was or will be profitable.

Our Impact on the Communities Where We Work and Live

Philanthropy continues to play a meaningful role in the lives of the Firm’s founders, partners, and employees. We began our work to develop flagship nonprofit partnerships with select organizations in each of our global offices including Impact Investment Shujog in Singapore. In addition to the time that KKR employees around the world donate individually, they also join together to meet the needs of their communities by supporting the organizations that serve them.

- Volunteers from KKR’s Singapore office **brought eight individuals from the Cerebral Palsy Alliance Singapore to an indoor skydiving center**, which allows all participants to feel as though they are flying. Each beneficiary was paired with a KKR staff member for a day of indoor skydiving and lunch.
- KKR employees **donated \$33,000** to East Bali Cashews’ learning center, which supports children and adults with critical education and skills classes.
- Members of KKR’s Seoul office joined the American Chamber of Commerce in Korea’s Service Day to **plant paper mulberry trees in Seoul’s Noeul Park**.
- Four executives from KKR’s Sydney office completed the Gibb Challenge, a five-day, 700-kilometer mountain bike competition across the Kimberly Region – the area where portfolio company Santanol is based – to **raise more than AUD50,000** for the Western Australian branch of the Royal Flying Doctor Service. The service delivers both 24-hour emergency services and everyday essential health care to residents, workers and travelers to remote areas of Australia.

ASIA - PACIFIC CONTACTS:

Steve Okun
 Tel: +65 6922 5800
 E-mail: Steven.Okun@kk.com

Anita Davis
 Tel: +852 3602 7335
 E-mail: Anita.Davis@kk.com

KKR IN ASIA - PACIFIC

BEIJING MUMBAI SINGAPORE TOKYO
 HONG KONG SEOUL SYDNEY

View the entire
 KKR 2013 ESG
 and Citizenship Report
 at kkresg.com.



IMPORTANT INFORMATION

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The reported impact of initiatives of the Green Portfolio Program is based on internal analysis of KKR and/or KKR Capstone and information provided by the applicable portfolio company. Impacts of such initiatives are estimates that have not been verified by a third party and are not necessarily reported according to established voluntary standards or protocols. KKR does not guarantee the accuracy, adequacy or completeness of such information. They may also reflect the influence of external factors, such as macroeconomic or industry trends. There is no guarantee that results shown will be replicated in the future and actual results may be better or worse in future years. For more information on the methodology and terms used in the Green Portfolio Program, see www.green.kkr.com.

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